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**REGINA COELI CHILD
DEVELOPMENT CENTER**
FIN: 72-0680604

Audits of Financial Statements

May 31, 2010 and 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/15/10

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Independent Auditor's Report

To the Board of Directors
Regina Coeli Child Development Center
Robert, Louisiana

We have audited the accompanying statements of financial position of Regina Coeli Child Development Center (the Center), a non-profit organization, as of May 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Regina Coeli Child Development Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Regina Coeli Child Development Center as of May 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2010, on our consideration of Regina Coeli Child Development Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Regina Coeli Child Development Center taken as a whole. The accompanying Schedule of Board Members is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



A Professional Accounting Corporation

October 14, 2010

REGINA COELI CHILD DEVELOPMENT CENTER
Statements of Financial Position
May 31, 2010 and 2009

	2010	2009
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 105,067	\$ 332,587
Grants Receivable	1,260,806	1,152,910
Other Receivables	19,920	-
Deferred Expenses	1,701	-
Inventory	4,194	2,947
Total Current Assets	1,391,688	1,488,444
Property, Plant and Equipment		
Construction in Progress	48,928	-
Land	1,255,954	1,096,699
Buildings	9,661,846	9,661,846
Vehicles	1,212,425	1,013,866
Equipment	612,829	497,654
Leasehold Improvements	905,711	818,045
	13,697,693	13,088,110
Less: Accumulated Depreciation and Amortization	(4,180,361)	(3,820,434)
Total Property, Plant and Equipment, Net	9,517,332	9,267,676
Other Assets		
Restricted Cash for Loan Repayment	61,405	56,560
Loan Fees, Net	46,340	49,650
Total Other Assets	107,745	106,210
Total Assets	\$ 11,016,765	\$ 10,862,330
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 1,285,925	\$ 1,000,519
Construction Payable	-	256,600
Capital Lease Payable, Current Portion	8,455	8,455
Notes Payable, Current Portion	258,664	249,948
Total Current Liabilities	1,553,044	1,515,522
Long-Term Liabilities		
Capital Lease Payable, Net of Current Portion	19,155	27,610
Notes Payable, Net of Current Portion	3,304,848	3,563,512
Total Liabilities	4,877,047	5,106,644
Net Assets - Unrestricted	6,139,718	5,755,686
Total Liabilities and Net Assets	\$ 11,016,765	\$ 10,862,330

The accompanying notes are an integral part of these financial statements.

REGINA COELI CHILD DEVELOPMENT CENTER
Statements of Activities
For the Years Ended May 31, 2010 and 2009

	2010	2009
Revenues		
Grants	\$ 15,311,904	\$ 13,693,849
Goods and Services Contributed	2,065,890	1,548,680
Cash Contributions	82,774	98,284
Other Income	28,075	38,583
Total Revenues	17,488,643	15,379,396
Expenses		
Personnel	9,108,252	8,369,614
Goods and Services Contributed	2,065,890	1,548,680
Fringe Benefits	2,046,946	2,003,068
Occupancy	1,031,069	651,658
Food Costs	655,878	605,761
Depreciation	380,361	341,356
Travel	350,594	324,431
Other Supplies	304,227	256,576
Insurance	271,687	273,957
Educational Supplies	236,981	217,985
Training	201,879	191,096
Interest Expense	149,032	166,462
Consultants	142,569	98,315
Other	130,405	146,395
Fundraising Costs	22,278	16,632
Amortization	3,310	3,310
Loss on Sale of Assets	3,253	-
Total Expenses	17,104,611	15,215,296
Change in Net Assets	384,032	164,100
Net Assets, Beginning of Year	5,755,686	5,591,586
Net Assets, End of Year	\$ 6,139,718	\$ 5,755,686

The accompanying notes are an integral part of these financial statements.

REGINA COELI CHILD DEVELOPMENT CENTER
Statements of Cash Flows
For the Years Ended May 31, 2010 and 2009

	2010	2009
Cash Flows from Operating Activities		
Change in Net Assets	\$ 384,032	\$ 164,100
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities		
Loss on Sale of Assets	3,253	-
Depreciation	380,361	341,356
Amortization	3,310	3,310
Increase in Grants Receivable	(107,896)	(410,552)
(Increase) Decrease in Other Receivables	(19,920)	295
(Increase) Decrease in Deferred Expenses	(1,701)	499
Increase in Inventory	(1,247)	(5)
Decrease in Deposits	-	2,281
Increase in Accounts Payable and Accrued Expenses	285,406	163,902
Net Cash Provided by Operating Activities	925,598	265,186
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(634,321)	(1,013,107)
Proceeds from Certificate of Deposit	-	846,917
Proceeds from the Sale of Fixed Assets	1,051	-
Net Cash Used in Investing Activities	(633,270)	(166,190)
Cash Flows from Financing Activities		
(Decrease) Increase in Construction Payable	(256,600)	58,321
Principal Payments on Notes Payable	(249,948)	(245,721)
Increase in Restricted Cash	(4,845)	(4,844)
Payments on Capital Lease Payable	(8,455)	(6,212)
Net Cash Used in Financing Activities	(519,848)	(198,456)
Net Decrease in Cash and Cash Equivalents	(227,520)	(99,460)
Cash and Cash Equivalents, Beginning of Year	332,587	432,047
Cash and Cash Equivalents, End of Year	\$ 105,067	\$ 332,587

The accompanying notes are an integral part of these financial statements.

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

A summary of Regina Coeli Child Development Center's (the Center) significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

History of Center

The Center is a non-profit Center that operates Head Start programs in Southeast Louisiana. The Center has been in existence since 1969. It operates sixteen centers, including Head Start, Early Head Start and Migrant Head Start programs, in the six parishes of Livingston, St. Helena, St. Tammany, Tangipahoa, Washington, and Ascension. The Center provided service to 1,852 and 2,113 children and families during the years ended May 31, 2010 and 2009, respectively. The goal of the Center is to improve the educational and economical opportunity of those it serves.

Presentation of Financial Statements

The Center has adopted Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) No. 958-205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC No. 958-205, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Center is required to present a statement of cash flows.

The Center has also adopted FASB ASC No. 958-605, *Revenue Recognition - Contributions Received*, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor restrictions. The adoption had no cumulative effect on net assets at the date of the adoption. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor imposed time or purpose restrictions. For the years ended May 31, 2010 and 2009, the Center had no temporarily restricted or permanently restricted revenues or net assets.

FASB ASC No. 958-605 requires that in-kind contributions be recorded at their fair market value and accounted for as revenue when received and as an asset, reduction in a liability or an expense depending on the form of the benefits received. Contributions of services are to be recognized if the services received either (1) enhance a non-financial asset or (2) require specialized skills and would need to be purchased if not provided by donation.

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Presentation of Financial Statements (Continued)

Services valued at \$1,145,763 and \$576,723 during the years ended May 31, 2010 and 2009, respectively, did not meet the criteria of FASB ASC No. 958-605 and were not recognized. The following is a recap of in-kind contributions recognized in the years ended May 31, 2010 and 2009:

	2010	2009
Rental of Facilities	\$ 242,219	\$ 242,219
Occupancy and Other Operating Expenses	630,913	343,099
Supplies	191,123	140,231
Transportation	217,752	158,740
Other Services	783,883	664,391
Total	\$ 2,065,890	\$ 1,548,680

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the Center are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Grant Control/Support

The Head Start and Early Head Start funds from the Department of Health and Human Services are recognized as revenue based on the program's approved grant award. The Child Care Food Program revenue is based on a predetermined reimbursement rate for the number of meals served.

The Center is required to ensure that expenditures under the various grants and reimbursement programs comply with the related grant or program guidelines for allowable costs. The funding agencies for these programs could require the return of expenditures that do not meet their guidelines.

Grant and Reimbursement Contract Revenues

Funds due from various funding sources under grants and reimbursement contracts are recognized as revenues in the accounting period when the expenses are incurred and the grant funds are earned.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Concentrations of Credit Risk

Approximately 82% of the Center's funds during the years ended May 31, 2010 and 2009, are derived from grants from the U.S. Department of Health and Human Services. Any loss of such funding could cause a severe financial impact on the Center's operations.

Inventory

Inventory consists of food used in the Child Care Food Program. Inventory is accounted for on a lower of cost or market (first in, first out) basis.

Income Taxes

The Center is exempt from federal and state corporate income taxes under section 501(c)(3) of the Internal Revenue Code.

Statements of Cash Flows

For purposes of the statements of cash flows, the Center considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash paid for interest during the years ended May 31, 2010 and 2009, totaled \$149,032 and \$166,469, respectively. During the year ended May 31, 2009, the Center purchased equipment that was accounted for as a capital lease which was a non-cash transaction of \$42,276.

Restricted Cash

Restricted cash reported as a non-current asset in the statement of financial position is restricted by the U.S.D.A. in order to conform to certain debt covenants.

Reclassifications

Certain amounts for the year ended May 31, 2009, have been reclassified to conform to the May 31, 2010, financial statement presentation.

Note 2. Grants Receivable

The balance of grants receivable consists of the following:

	2010	2009
Federal Grants		
Head Start Program	\$ 595,457	\$ 866,762
Migrant Head Start Program	329,316	80,550
Child Care Food Program	232,086	205,598
American Recovery and Reinvestment Act	103,947	-
Total	\$ 1,260,806	\$ 1,152,910

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 3. Fixed Assets

All assets purchased having a cost or estimated fair value equal to or greater than \$5,000 are capitalized and depreciated.

Buildings, vehicles, and equipment are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Depreciation of all exhaustible fixed assets is charged as an expense. Depreciation has been calculated using the straight-line method. For the years ended May 31, 2010 and 2009, depreciation expense totaled \$380,361 and \$341,356, respectively.

The estimated useful lives are as follows:

Description	Estimated Lives
Buildings	40 Years
Modular Building	15 Years
Vehicles	10 Years
Equipment	5 - 10 Years
Leasehold Improvements	10 - 30 Years

Note 4. Retirement Plan

The Center sponsors a profit sharing plan under Section 404(c) of the Internal Revenue Code. The Plan is a defined contribution plan covering all full-time employees of the Center who are age eighteen or older. Employees are enrolled as active participants on the first day of the month coinciding with or immediately following the date eligibility requirements are met. Each year, participants may make salary deferral contributions in any percentage from 1% to 100% of compensation subject to the maximum amount permitted by law. The value of a participant's account attributable to their contributions is always fully vested. Each plan year the Board of Directors will determine the amount of the employer contribution (if any) that will be made for all eligible participants who are actively employed on the last day of the plan year, which is December 31st. The plan has a five-year vesting schedule for employer contributions as follows:

Year	Percent
0 to Less than 2 Years	-0-%
2 Years	25%
3 Years	50%
4 Years	75%
5 or More Years	100%

A participant becomes fully vested in his or her entire account when he or she reaches either early retirement or normal retirement age.

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 4. Retirement Plan (Continued)

During the years ended May 31, 2010 and 2009, \$275,754 and \$449,314, respectively, was contributed to the plan for the benefit of the plan participants employed by the Center, which is included in fringe benefits in the statements of activities.

Note 5. Loan Issuance Cost

In 2005, the Center incurred loan issuance costs of \$66,200. The Center amortizes these loan costs annually. The amortization expense was \$3,310 for each of the years ended May 31, 2010 and 2009.

Note 6. Notes Payable

A summary of notes payable for purchases of Head Start facilities is as follows:

	2010	2009
6.80% Variable rate mortgage payable to a bank, secured by real estate, due in monthly installments of \$1,284 through May 2018.	\$ 32,809	\$ 46,007
4.875% Mortgage payable to U.S.D.A. Rural Economic and Community Development, secured by real estate, due in monthly installments of \$3,933 through October 2027.	551,044	570,850
6.00% Mortgage payable to an individual, secured by real estate, due in monthly installments of \$3,575 through October 2023.	394,742	413,353
Variable rate revenue bonds payable to a bank, secured by letter of credit from another bank, due in monthly payments of interest only, and one principal payment annually through July 2024. Fees for this loan include a trustee fee of \$1,500 annually, a remarketing fee of \$875 quarterly and a quarterly letter of credit fee calculated at 1.25% per annum of the outstanding principal balance.	2,584,917	2,783,250
Total	3,563,512	3,813,460
Less: Current Portion	(258,664)	(249,948)
Total Long-Term Portion	\$ 3,304,848	\$ 3,563,512

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 6. Notes Payable (Continued)

The Center makes monthly payments to the paying agent who deposits the payments into an escrow account until the due date of the principle. The Center considers these monthly payments to the escrow agent as principle payments on the bond.

Principal payments required in future years as of May 31, 2010, are as follows:

Year	Amount
2011	\$ 258,664
2012	270,875
2013	276,818
2014	286,039
2015	298,696
Thereafter	<u>2,172,420</u>
Total	<u>\$ 3,563,512</u>

The Center's credit agreement with the U.S.D.A. contains a certain covenant that requires a minimum amount of restricted cash at the end of each fiscal year. As of May 31, 2010 and 2009, the Center has met the requirements for this covenant.

Note 7. Operating Leases

The Center has commitments on two lease agreements for space rental as of May 31, 2010, as follows:

Location in Louisiana	Lease Expiration	Monthly Payment
Bogalusa Head Start	December 2012	\$ 2,500
Central Tangipahoa Head Start	September 2024	\$ 2,000

Total lease expense included in occupancy expense in the accompanying financial statements for obligations under this lease and other month to month leases is \$49,098 and \$32,972, for the years ended May 31, 2010 and 2009, respectively.

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 7. Operating Leases (Continued)

Annual lease commitments required in future years as of May 31, 2010, are as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 54,000
2012	41,500
2013	24,000
2014	24,000
2015	24,800
2016-2020	126,800
Thereafter	<u>114,400</u>
Total	<u>\$ 409,500</u>

Note 8. Capital Leases

The Center has a commitment on a lease agreement for a copy machine as of May 31, 2010. The asset held under capital leases is included in property and equipment as follows:

Equipment	\$ 42,476
Less: Accumulated Depreciation	<u>12,743</u>
Total	<u>\$ 29,733</u>

Annual lease commitments required in future years as of May 31, 2010, are as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 8,455
2012	8,455
2013	8,455
2014	<u>2,245</u>
Total	<u>\$ 27,610</u>

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 9. Restrictions on Assets

All assets acquired with Department of Health and Human Services funds are owned by Regina Coeli Child Development Center while used in the Head Start program for which they were purchased. The Department of Health and Human Services, however, has a reversionary interest in the assets purchased with grant funds, which includes all assets reported as fixed assets. Therefore, the disposition of these assets as well as the ownership of any sale proceeds there from, is subject to the funding source requirements of the Department of Health and Human Services.

Note 10. Contingencies

On January 30, 1998, the Center executed a cooperative endeavor agreement with the Louisiana Board of Trustees for State Colleges and Universities. Pursuant to the agreement, the Center receives the use of land for its center located on the campus of Southeastern Louisiana University at no cost for a term of fifteen years. At termination of the agreement or upon default of the Center, the buildings at that location would have to be relocated.

Note 11. Construction Commitment

On May 27, 2009, the Center entered into a contract to renovate a fire damaged center in Independence, Louisiana. The contract with change orders totaled \$256,600, which was due to the contractors at May 31, 2009 and is reflected in the statements of financial position as construction payable. This amount was paid during the 2010 fiscal year.

Note 12. Uncertain Tax Positions

On June 1, 2009, the Center adopted the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB Accounting Standards Codification. The implementation of this Topic had no impact on the statement of financial position or statement of activities.

All tax returns have been appropriately filed by the Center. The Center recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Center's tax filings are subject to audit by various taxing authorities. The Center's open audit periods are 2006 through 2008. Management evaluated the Center's tax position and concluded that the Center has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 13. Insurance

As of May 31, 2010, the Center has the following insurance coverage:

Insurer	Policy Expiration Date	Type of Coverage	Amount of Coverage
Arch Insurance Company	06/10	Business Auto	
		Bodily Injury	\$ 1,000,000
		Uninsured	1,000,000
		Medical Expense	5,000
		General Liability	
		Aggregate	\$ 3,000,000
		Personal/Advertising	1,000,000
		Each Occurrence	1,000,000
		Fire Damage	100,000
		Medical Expense	5,000
		Commercial Property	
		Buildings	\$ 23,996,000
		Contents	5,340,000
		Improvements	750,000
		Fences/Outdoor Equipment	319,500
New Hampshire Insurance Co.	04/11	Flood Insurance - Building	
		Hammond Head Start	\$ 500,000
		Robert Head Start	500,000
		08/10 Slidell/Pearl River Head Start	500,000
		01/11 Slidell Head Start	500,000
	04/11	Lacombe Head Start	500,000
		Flood Insurance - Contents	
		Hammond Head Start	\$ 92,600
		Robert Head Start	281,500
		08/10 Slidell/Pearl River Head Start	350,000
Lloyd's of London	11/10	Slidell Head Start	150,000
		Lacombe Head Start	157,500
Fidelity and Deposit Co. of Maryland	09/10	Directors' and Officers' Liability	\$ 2,000,000
	06/11	Employee Dishonesty	\$ 300,000
National Union Fire Insurance Co.	06/10	Employee Retirement	300,000
		Student Accident	
		Accidental Death	\$ 10,000
		Accidental Dismemberment	10,000
		Accidental Medical	50,000
		Aggregate	50,000
		Accidental Dental	\$250 / tooth

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 14. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued October 14, 2010, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTAL INFORMATION

REGINA COELI CHILD DEVELOPMENT CENTER
Schedule of Expenditures of Federal Awards
For the Year Ended May 31, 2010

Federal Grantor	CFDA Number	Grant Period	Grant Contract or Award Number	Total Grant Award	(Accrued) Deferred Revenues 5/31/09	Cash Received	Revenues Recognized	Expenditures	(Accrued) Deferred Revenues 5/31/10
The American Recovery and Reinvestment Act of 2009 (ARRA)									
Head Start - Major Program	93.708	6/1/09 to 5/31/10	N/A	\$ 764,613	\$ -	\$ 720,105	\$ 764,613	\$ 764,613	\$ (44,508)
Early Head Start - Major Program	93.709	6/1/09 to 5/31/10	N/A	227,923	-	168,484	227,923	227,923	(59,439)
Total ARRA					-	888,589	992,536	992,536	(103,947)
U.S. Department of Agriculture									
Child Care Food Program									
(Passed through the Louisiana Department of Education)	10.558	6/1/09 to 5/31/10	N/A	1,151,785	(205,598)	1,125,297	1,151,785	1,151,785	(232,086)
U.S. Department of Health and Human Services									
Head Start - Major Program	93.600	6/1/09 to 5/31/10	06CH6007/39	12,181,047	(866,762)	12,432,448	12,161,143	12,161,143	(595,457)
Migrant Head Start - Major Program									
(Passed through the Community Action Program for Central Arkansas)	93.600	2/1/09 to 1/31/10	90CM0101	621,036	(80,550)	737,771	657,221	657,221	-
	93.600	2/1/10 to 1/31/11	90CM0101	288,590	-	-	329,316	329,316	(329,316)
Total Department of Health and Human Services					(947,312)	13,170,219	13,147,680	13,147,680	(924,773)
Total Federal Grants					\$ (1,152,910)	\$ 15,184,105	\$ 15,292,001	\$ 15,292,001	\$ (1,280,806)

See accompanying notes to schedule of expenditures of federal awards.

REGINA COELI CHILD DEVELOPMENT CENTER
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended May 31, 2010

Notes to Schedule of Expenditures of Federal Awards

Note 1. Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is a summary of the Center's federal award programs presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Note 2. Community Facilities Loans

As of May 31, 2010, Regina Coeli Child Development Center had a loan outstanding to the U.S. Department of Agriculture as follows:

Livingston Center	<u>\$ 551,044</u>
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The above loan is not included in the schedule of expenditures of federal awards because there are no related compliance requirements other than timely payment and the requirement of certain restricted cash as described in Note 6 to the financial statements.

REGINA COELI CHILD DEVELOPMENT CENTER
Schedule of Board Members
For the Year Ended May 31, 2010

<u>Board Member</u>	<u>Compensation</u>	<u>Board Member</u>	<u>Compensation</u>
Shannon Anderson Lascaro P.O. Box 591 Amite, LA 70422 (985) 748-4414	\$ -0-	Vera Jones 1609 Loretta St. Donaldsonville, LA 70346 (225) 717-1196	\$ -0-
Eric R. Bissel 227 N. Columbia St. Covington, LA 70433 (985) 893-9489	\$ -0-	Dr. Jean Krieger, Ph.D. 107 Pine Ln. Mandeville, LA 70471 (985) 624-3529	\$ -0-
Mike Blossman 227 Old Landing Rd. Covington, LA 70433 (985) 892-7863	\$ -0-	Alex Kropog 30165 George White Rd. Holden, LA 70744 (225) 294-5732	\$ -0-
Linda Coleman 1094 McDaniel Rd. Amite, LA 70422 (985) 517-6417	\$ -0-	Kathi Legg 15569 E. Hoffman Rd. Ponchatoula, LA 70454 (985) 543-4165	\$ -0-
Ada Ruth Courtney P.O. Box 441 Tangipahoa, LA 70465 (501) 425-0301	\$ -0-	Hildra Martin 2624 S. Columbia Rd. Bogalusa, LA 70427 (985) 732-4052	\$ -0-
Jean Dawsey 81030 Dawsey Rd. Covington, LA 70435 (985) 892-2611	\$ -0-	Catherine Faciane 35570 East Doucette Rd. Slidell, LA 70460 (985) 643-7696	\$ -0-
Victor Doucette 32140 Bayou Paquet Rd. Slidell, LA 70458 (985) 643-8971	\$ -0-	Dr. Carol Torrey 350 Hyacinth Ln. Mandeville, LA 70471 (985) 626-1168	\$ -0-
Dr. Cynthia Elliott 2230 Oleander Baton Rouge, LA 70806 (225) 921-6408	\$ -0-	Crystal Jordan 20006 Weinberg Rd. Ponchatoula, LA 70454 (985) 974-4845	\$ -0-



**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Regina Coeli Child Development Center
Robert, Louisiana

We have audited the financial statements of Regina Coeli Child Development Center, a non-profit entity, as of and for the year ended May 31, 2010, and have issued our report thereon dated October 14, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Regina Coeli Child Development Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Regina Coeli Child Development Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Regina Coeli Child Development Center's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Regina Coeli Child Development Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the finance committee, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

October 14, 2010



**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Regina Coeli Child Development Center
Robert, Louisiana

Compliance

We have audited the Regina Coeli Child Development Center's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Regina Coeli Child Development Center's major federal programs for the year ended May 31, 2010. Regina Coeli Child Development Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Regina Coeli Child Development Center's management. Our responsibility is to express an opinion on Regina Coeli Child Development Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Regina Coeli Child Development Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Regina Coeli Child Development Center's compliance with those requirements.

In our opinion, Regina Coeli Child Development Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2010.

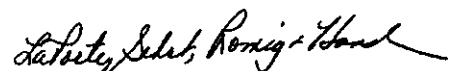
Internal Control Over Compliance

Management of Regina Coeli Child Development Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Regina Coeli Child Development Center's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Regina Coeli Child Development Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

October 14, 2010

REGINA COELI CHILD DEVELOPMENT CENTER
Schedule of Findings and Questioned Costs
For the Year Ended May 31, 2010

A. Summary of Audit Results

Financial Statements

- | | |
|---|-------------|
| 1) Type of auditor's report | Unqualified |
| 2) Internal control over financial reporting | |
| a. Material weaknesses identified | None |
| b. Significant deficiencies identified not considered to be material weaknesses | None |
| c. Noncompliance material to the financial statements | None |
| 3) Management letter comment provided | No |

Federal Awards

- | | |
|--|-------------|
| 4) Internal control over major programs | |
| a. Material weaknesses identified | None |
| b. Significant deficiencies identified not considered to be material weaknesses | None |
| 5) Type of auditor's report issued on compliance for each major program | Unqualified |
| 6) Audit findings disclosed that are required in accordance with OMB A-133, Section 510(a) | None |
| 7) Identification of major programs | |
| 93.600 - Head Start | |
| 93.600 - Migrant Head Start | |
| 93.708 - ARRA - Head Start | |
| 93.709 - ARRA - Early Head Start | |
| 8) Dollar threshold used to distinguish between Type A and B programs | \$464,265 |
| 9) Auditee qualified as a low-risk auditee under OMB A-133, Section 530 | Yes |

B. Findings Related to the Financial Statements

None

C. Findings and Questioned Costs Related to Major Federal Award Programs

None

REGINA COELI CHILD DEVELOPMENT CENTER
Summary Schedule of Prior Year Findings and Questioned Costs
For the Year Ended May 31, 2010

None